



Sean Rogan
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

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Hilda L. Solis
Mark Ridley-Thomas
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Don Knabe
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Commissioners

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-H December 15, 2015


PATRICK O'GAWA
ACTING EXECUTIVE OFFICER

December 15, 2015

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE AGREEMENT TO NEGOTIATE EXCLUSIVELY WITH OLSON URBAN HOUSING, LLC
FOR THE DISPOSITION, DEVELOPMENT AND SALE OF 13024 SALINAS AVENUE IN
UNINCORPORATED WILLOWBROOK
(DISTRICT 2) (3 VOTE)**

SUBJECT

This letter recommends approval of an Agreement to Negotiate Exclusively (ANE) between the Housing Authority and Olson Urban Housing, LLC, a Delaware limited liability company, for the Salinas Avenue Homeownership Project, consisting of up to 94 single-family homes, to be located at 13024 Salinas Avenue in unincorporated Willowbrook (Site).

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Executive Director, or his designee, to execute, amend, and if necessary, terminate an ANE for a 360-day term, between the Housing Authority and Olson Urban Housing, LLC, presented in substantially final form.
2. Authorize the Executive Director, or his designee, to extend the negotiating period by a maximum of four 90-day periods for a total of an additional 360 days, as needed, to be effective following approval as to form by County Counsel.
3. Find that approval of an ANE, as described herein, is not subject to the provisions of the California Environmental Quality Act (CEQA), because the action will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to authorize the Housing Authority to exclusively negotiate with Olson Urban Housing for the disposition of the Housing Authority-owned parcel and the development and sale of up to 94 single-family homes on the Site. A portion of the homes will be reserved for low-income qualified households and restricted for a period of up to 45 years.

At the conclusion of negotiations, the Housing Authority will return to the Board to request approval of a negotiated Disposition and Development Agreement (DDA).

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 2003, the 9.5 acre Site was acquired using City of Industry funds. In January 2005, a Request for Proposals was issued and Olson Urban Housing was the selected applicant for the Site's development. In August 2005, the Board approved an Exclusive Right to Negotiate with Olson Urban Housing in order to negotiate a DDA for the project. In September 2008, your Board approved a DDA for the development of 94 single-family homes; however, due to the housing crisis and deflation of real estate values that occurred after 2008, the DDA was not executed and the Site's development was deferred.

In the past year, the housing market has displayed signs of stability, which led both parties to enter into a new one-year ANE, as approved by your Board in November 2014, which is set to expire in January 2016. During the course of the year, Olson Urban Housing has assessed the Site and market conditions and held meetings with several stakeholders and offices of the County of Los Angeles, all of which yielded information on the project financials and timeline. In light of the information gathered, the Housing Authority requests authorization to extend the ANE in order to continue the discovery and development process needed to finalize the DDA terms and complete the necessary government approvals. In the event the government approvals exceed the projected one-year period, the ANE will allow for up to four 90-day extensions.

ENVIRONMENTAL DOCUMENTATION

The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed actions will lead to the creation of homeownership opportunities for low-income households in the Los Angeles County area.

The Honorable Board of Commissioners

12/15/2015

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:CC:jrv

Enclosures

**AMENDED AND RESTATED
AGREEMENT TO NEGOTIATE EXCLUSIVELY**

by and between

**THE HOUSING AUTHORITY
OF THE COUNTY OF LOS ANGELES**

and

OLSON URBAN HOUSING, LLC

SALINAS AVENUE HOMEOWNERSHIP PROJECT

AMENDED AND RESTATED **AGREEMENT TO NEGOTIATE EXCLUSIVELY**

THIS AGREEMENT TO NEGOTIATE EXCLUSIVELY ("Agreement") is entered into this _____ day of January, 2016, by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic ("HACoLA"), and OLSON URBAN HOUSING, LLC, a Delaware limited liability company ("Developer"), on the terms and conditions set forth below. The HACoLA and the Developer are sometimes referred to collectively herein as the "Parties" and each individually as a "Party."

RECITALS

- A. WHEREAS, the HACoLA issued a Request for Proposals ("RFP") on January 14, 2005, for the development of certain real property located at 13024 Salinas Avenue ("Site") in the unincorporated Willowbrook area of the County of Los Angeles and in response to the RFP, the Developer was selected to participate in an Exclusive Right to Negotiate ("ERN") in accordance with the RFP's requirements.
- B. WHEREAS, on August 9, 2005, following approval by the Housing Commission in July 2005, the Los Angeles County Board of Commissioners approved an ERN with the Developer for purposes of negotiating a Disposition and Development Agreement ("DDA") to develop the site with single family for-sale houses.
- C. WHEREAS, said ERN was executed on October 31, 2005, but the project was suspended by mutual consent due to the impact of the economic downturn on the for-sale housing market.
- D. WHEREAS, on November 5, 2014 following approval by the Housing Commission, the County Board of Commissioners approved an Agreement to Negotiate Exclusively ("ANE") with the Developer to reinstate negotiations for a DDA.
- E. WHEREAS, the HACoLA and Developer agree that substantive progress has been made in the discovery, entitlement, and predevelopment phase of the site's development, and that additional meetings with stakeholders and offices of the County of Los Angeles have yielded details that must be incorporated into the planned DDA.
- F. WHEREAS, the HACoLA seeks to amend and restate the Agreement in order to provide additional and sufficient time for the Developer to obtain necessary entitlements and approvals for site development, and to finalize and execute a DDA with the HACoLA.

NOW, THEREFORE, the Parties agree to negotiate exclusively and in good faith to enter into a DDA upon the following terms and conditions:

[100] Duration of this Agreement

The Parties agree to negotiate in good faith for a period of three hundred and sixty (360) days from the date first above written, plus a maximum of four 90-day extensions, if mutually agreed to by the Executive Director of the HACoLA and the Developer ("Negotiation Period"). If, upon expiration of the Negotiation Period, the Developer has not signed and submitted a DDA satisfactory to the HACoLA, this Agreement shall automatically terminate. The Board of Commissioners of the Housing Authority of the County of Los Angeles ("Board of Commissioners") has authorized the extension of this Agreement at the discretion of the Executive Director of the HACoLA.

[200] Good Faith Negotiations

The HACoLA and the Developer agree during the Negotiation Period set forth above to negotiate diligently and in good faith to prepare the DDA for execution by the Developer and for submission and approval by the Board of Commissioners, in the manner set forth herein with respect to the development as referenced in Section 300 herein (the "Scope of Development"). The HACoLA agrees, for the Negotiation Period, not to negotiate with any other person or entity regarding development or transfer of the Site. During the term of this Agreement, the HACoLA shall keep confidential all information, plans, projections, and reports provided to the HACoLA by the Developer in connection with the review, evaluation, and development of the Site and shall not disclose any such material to any third party, except to the extent required by law, without the express written consent of the Developer.

In the event at any time during the Negotiation Period the Developer does not negotiate diligently and in good faith as determined by the HACoLA in its reasonable discretion, the HACoLA shall give written notice thereof to the Developer who shall then have thirty (30) business days to negotiate in good faith to the satisfaction of the HACoLA. Following the receipt of such notice and the failure of the Developer to thereafter negotiate in good faith within said thirty (30) business days, this Agreement may be terminated upon written notice by the Executive Director of the HACoLA.

Except as provided in the preceding paragraph, upon termination of this Agreement on or before the expiration of the Negotiation Period (which may include any authorized extension of the original 360-day period), neither party shall have any further rights against or liability to the other under this Agreement.

If a DDA is approved and executed by the HACoLA and the Developer, the DDA shall thereafter govern the rights and obligations of the parties with respect to the Development and shall supersede this Agreement.

[300] Scope of Development

The negotiations between the Developer and the HACoLA shall be for the disposition, construction and sale of the Development that was proposed by the Developer. The proposal includes the development and sale of up to 94 single-family homes with a portion of the homes to be set aside for low-, and moderate-income eligible households. See Exhibit A for terms identified during the past year.

[400] Performance Schedule

Olson agrees to perform in accordance with the attached Exhibit B, Schedule of Performance, in order to secure the necessary government approvals and execute a DDA with HACoLA.

[500] The Developer

Olson Urban Housing, LLC is a limited liability company of The Olson Company, with 26 years of experience assisting cities throughout California with solving the critical shortage of affordable housing in urban areas.

[501] Nature of the Developer

The Developer is a Delaware limited liability company.

[502] Office of the Developer

The principal office of the Developer is:
Olson Urban Housing, LLC, c/o The Olson Company
3020 Old Ranch Parkway, Suite 400
Seal Beach, CA 90740
ATTENTION: Todd Olson, President

[503] Full Disclosure

The Developer shall make full disclosure to the HACoLA of its principals, board members, major partners, joint venture partners, key managerial employees and other associates (collectively, "principals"), and all other material information concerning the Development, including education, experience, and qualifications of Developer and its principals whose identities, development experience, and qualifications are of great importance to the HACoLA and are the basis for the HACoLA to enter into this Agreement.

Any change of the principals of the Developer directly involved with the development of the Site, with the exception of board members, must be approved by the HACoLA in its sole discretion during the term of this Agreement.

[600] Developer Financial Capacity and Financial Ability

Prior to approval and execution of the DDA by the Developer and the HACoLA, the Developer shall submit to the HACoLA evidence of its ability to finance the construction of the Development to the satisfaction of the HACoLA in its sole and reasonable discretion.

[700] Developer Pre-development Activities

During the Negotiation Period, the Developer will conduct due diligence activities that may include, but are not limited to, an appraisal, market study, Phase 1 and Phase 2 environmental investigation, as well as financial and legal consultations.

[701] Public Participation

During the Negotiation Period, the Developer must hold public meetings to obtain public comment on the proposed Development and be prepared to report on and respond to questions and comments by the HACoLA.

[702] Developer's Findings, Determinations, Studies and Reports

Upon reasonable notice, as requested by the HACoLA in its sole discretion, the Developer shall provide written progress reports to the HACoLA on any matters, including plans and studies related to the Development.

[800] Reserved

[801] Office of the Housing Authority of the County of Los Angeles

Housing Authority of the County of Los Angeles
700 West Main Street
Alhambra, CA 91801
ATTENTION: Cordé Carrillo, Director
Economic and Housing Development Division

The Director of the Economic and Housing Development Division is the HACoLA's authorized representative to administer and implement this Agreement, subject to any appropriate approvals of the Executive Director of the HACoLA and Board of Commissioners.

[900] Authority Assistance

The HACoLA will assist the Developer by providing appropriate information for the completion of the DDA, as the HACoLA determines in its sole discretion.

[1000] Limitations of this Agreement

This Agreement does not constitute a commitment of any kind by the HACoLA regarding the sale, transfer, or development of all or any part of the Site. Execution of this Agreement by the HACoLA is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by the Board of Commissioners as to any DDA and all proceedings and decisions in connection therewith.

(Signature Page to Follow)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date and year first above written.

**HOUSING AUTHORITY OF THE COUNTY
OF LOS ANGELES**

a public body, corporate and politic

OLSON URBAN HOUSING, LLC

a Delaware limited liability company

By: The Olson Company, a California
corporation

Its: Managing member

SEAN ROGAN, Executive Director

TODD OLSON, Senior Vice President

APPROVED AS TO FORM:

Mary C. Wickham

Interim County Counsel

BEHNAZ TASHAKORIAN, Senior Deputy

EXHIBIT A

DDA TERMS

Developer:	Olson Urban Housing, LLC (Olson), or its designee.
Site Address:	13024 Salinas Avenue, Los Angeles
Improvements:	Develop up to 94 single-family detached condominium homes with a portion of the homes sold to low- and moderate-income eligible households.
Land Cost:	\$3,005,600 - cost of the land to be conveyed to the Developer with a Promissory Note and secured by a Deed of Trust.
LACDC Sources:	\$3,005,600 in City of Industry Funds.
Repayment:	TBD.
Construction Loan:	TBD.
Total Development Cost:	TBD.
Buyers Mortgage:	To be calculated using a 30 year term, 6.0% fixed interest rate and Area Median Income limits. Lenders must be approved by LACDC.
2 nd Trust Deeds:	TBD.
Affordability:	Term of affordability shall be up to 45 years.
Sales Prices:	TBD.
Gross Revenue:	TBD.
Developer Profit:	TBD.
Shared Equity:	TBD.
Performance Bond:	Olson shall provide a performance bond during the construction period.
Environmental Remediation:	Olson shall comply with all governmental restrictions applicable to hazardous materials, including specifically but without limitation all recommendations required by the Phase I and Phase II environmental assessments.
Green Building/Sustainable:	Olson will construct the development to meet ENERGY STAR Qualified Homes Version 3. Project must be certified upon construction completion as required by ENERGY STAR Qualified Homes Version 3; additionally, it will undergo the Community Development Commission's Design Review.

EXHIBIT B

SCHEDULE OF PERFORMANCE

Activity	Date
ANE Execution / Due Diligence Start	January 15, 2015
Environmental Testing (Phase I Environmental Site Assessment)	
Geotechnical Review (Percolation testing)	
Engineering Review – Survey, Preliminary Utility Design	
Dry Utility Review	
Market Study Research	
Title Review / Easement Research	
Site Plan Review / Product Review	
Meetings with Department of Regional Planning Staff	
One-Stop Submittal	April 20, 2015
Meeting with Karly Katona	May 15, 2015
One-Stop Meeting	May 28, 2015
Community Outreach – Neighborhood Meeting	July 9, 2015
Community Outreach - Friends & Neighbors Community Club	July 18, 2015
Proforma Analysis / Underwriting	Currently Ongoing
Loan Committee	December 2015
Final Deal Points / Unit Loss Provision	January 2016
Tentative Map Submittal	February 2016
DDA – Initial Draft	February 2016
Subdivision Committee Meeting	March 2016
CEQA Review	April 2016 – August 2016
Subdivision Committee Meeting (2 nd Meeting)	September 2016
Tentative Map Approvals	November 2016
Approval of DDA (Board of Commissioners)	December 2016
Site Grading	February 2017
Model Construction Start	June 2017
Grand Opening	August 2017
First Closings	December 2017